

1H FY08/3 Financial Results and Outlook

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President and CEO

November 13, 2007

NEC Electronics Corporation

<http://www.necel.com/ir/en/>

I. 1H FY08/3 Financial Results

- ✓ Sales and profits exceeded the original forecasts announced on May 14, 2007
- ✓ Recovered operating income mainly by diligent fixed cost reduction

II. FY08/3 Full-Year Forecasts

- ✓ The full-year forecasts remain unchanged, due to uncertain market conditions in Q4.
- ✓ Committed to secure profits on an operating basis for 2H, and aim for further improvement in financial performance.

III. Measures to Improve Performance

- ✓ Continue to implement new management policies announced on February 22, 2007

I. 1H FY08/3 Financial Results

II. FY08/3 Full-Year Forecasts

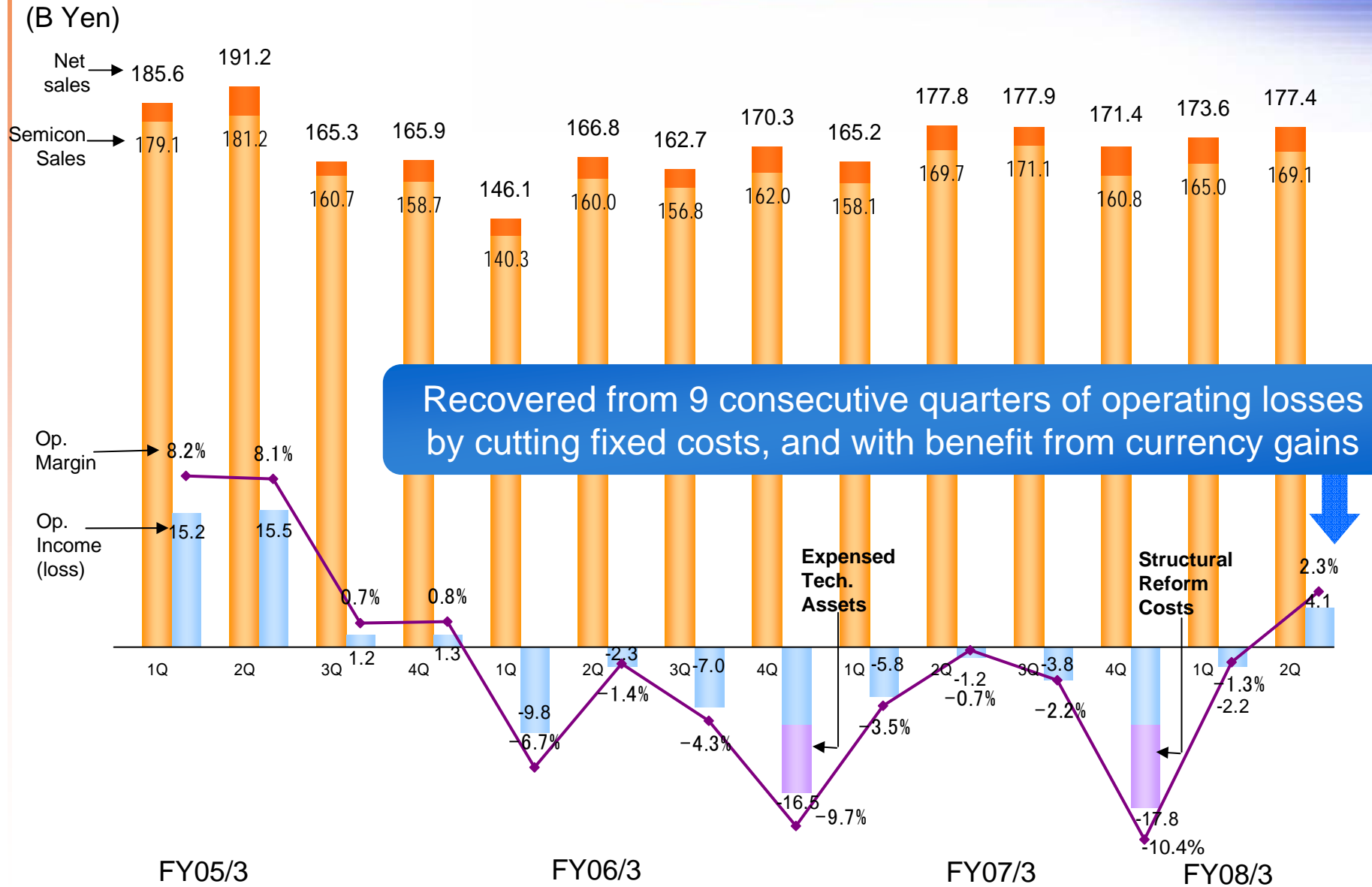
III. Measures to Improve Performance

Financial Snapshot

| (B Yen) | FY08/3 | | | | |
|--------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|---|--|
| | Q1, June 30 | Q2, Sept. 30 | 1H, Sept. 30 | | |
| | Actual | Actual | Actual | YoY | HoH |
| Net Sales | 173.6 | 177.4 | 351.0 | +8.0 | +1.7 |
| Semiconductor Sales | 165.0 | 169.1 | 334.1 | +6.3 | +2.2 |
| Operating Income (Loss) | -2.2 | 4.1 | 1.9 | +8.8 | +23.5 |
| Income (Loss) Before Income Taxes | 0.4 | 1.4 | 1.8 | +7.4 | +31.6 |
| Net Income (Loss) | -1.3 | -1.7 | -3.0 | +4.4 | +31.1 |
| Free Cash Flows | -5.9 | 16.2 | 10.3 | -3.2 | +35.5 |
| D/E Ratio | 0.50 | - | 0.51 | - | - |
| Shareholders' Equity Ratio | 39% | - | 38% | - | - |
| Exchange Rates | US\$1 = 119 yen 1 Euro = 160 yen | US\$1 = 120 yen 1 Euro = 164 yen | US\$1 = 120 yen 1 Euro = 162 yen | US\$ 4 yen weaker Euro 17 yen weaker | US\$ 1 yen weaker Euro 8 yen weaker |

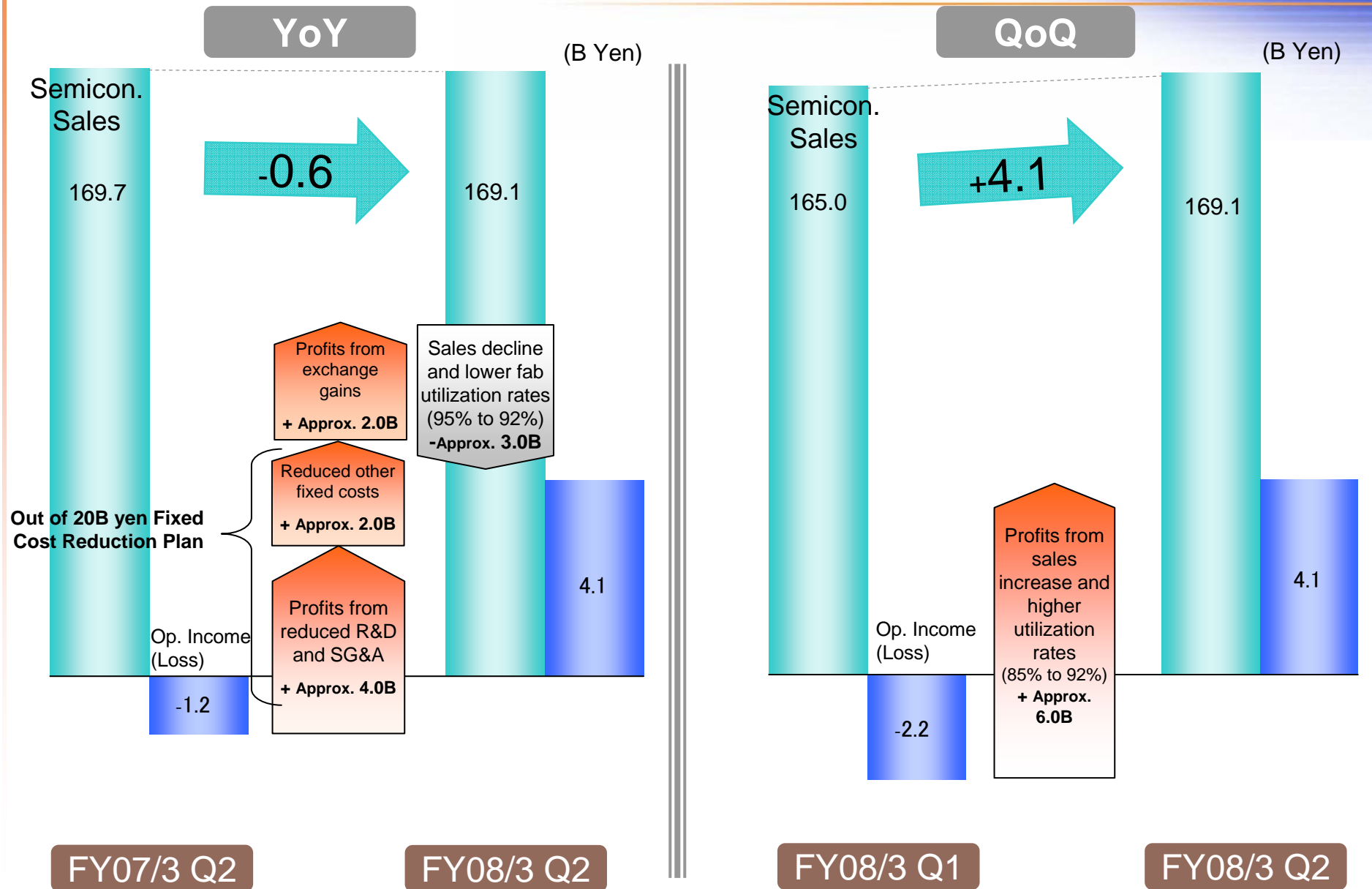
Note: NEC Electronics' consolidated information is in accordance with U.S.GAAP. However, the figure for operating income (loss) shown above represents net sales minus the cost of sales, research and development expenses, and selling, general, and administrative expenses.

Trends in Quarterly Results

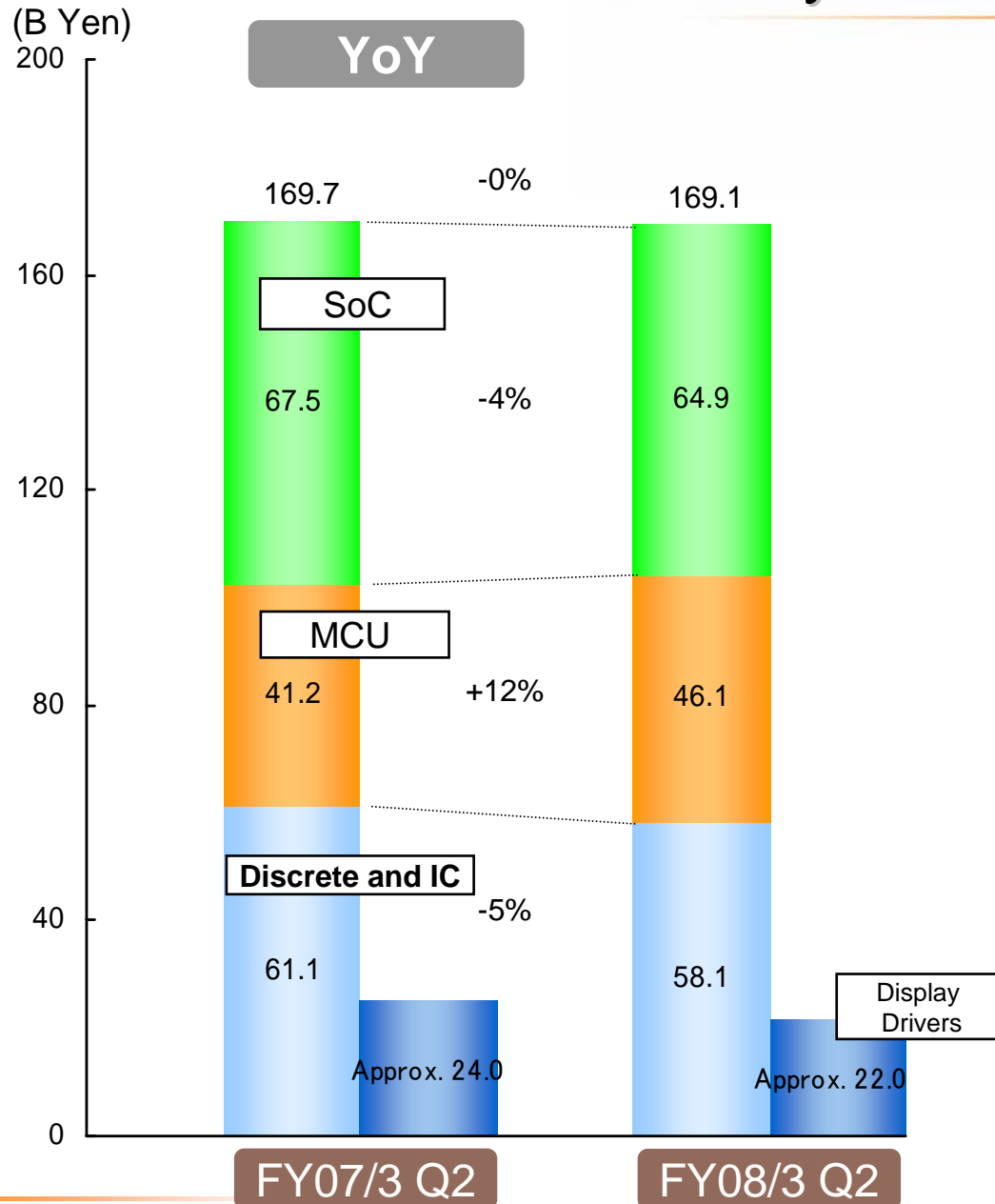


Note: Operating Income (loss) = Net Sales – COGS – R&D – SG&A

Factors in Operating Profits/Losses

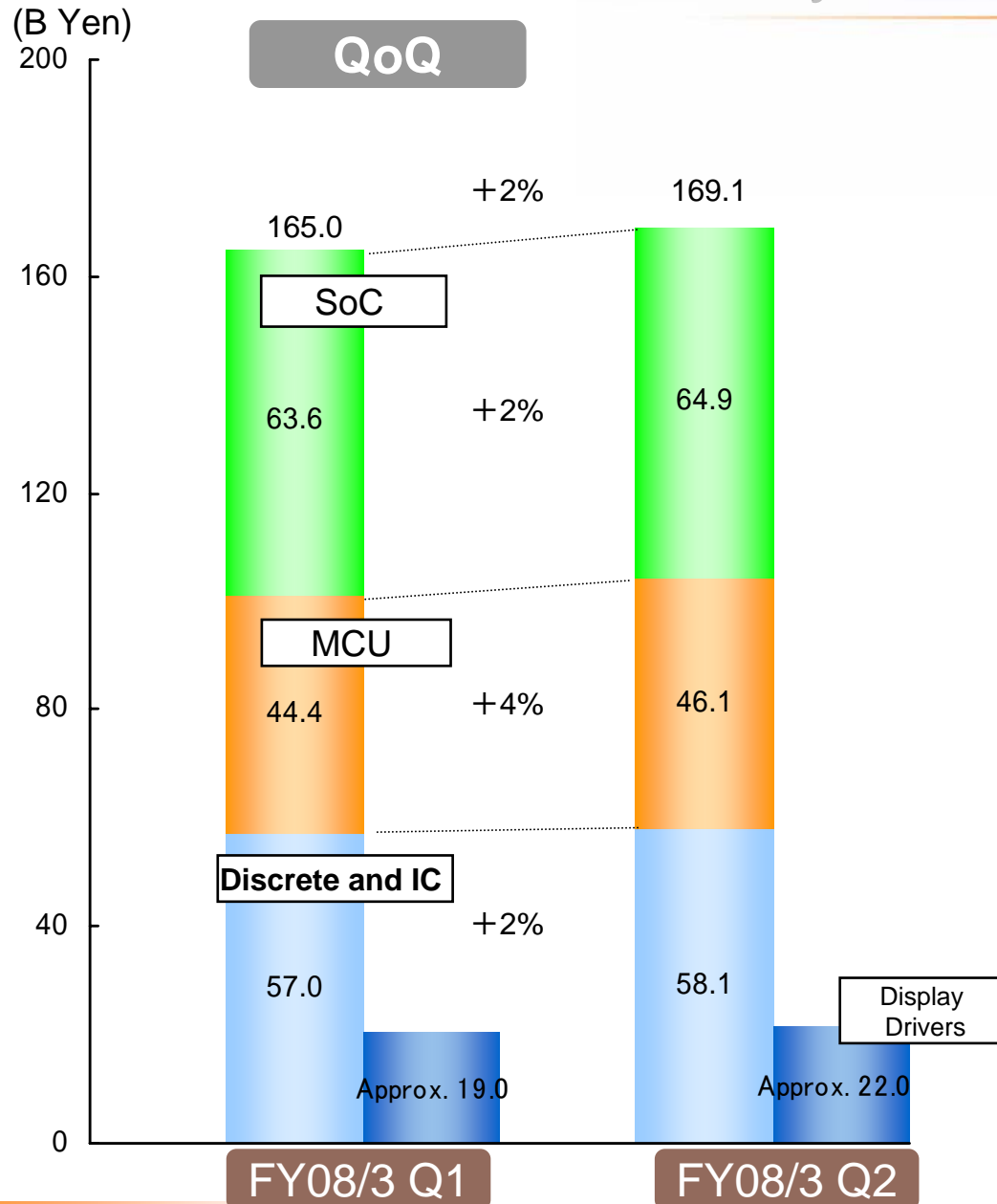


Semiconductor Sales by Platform (YoY)



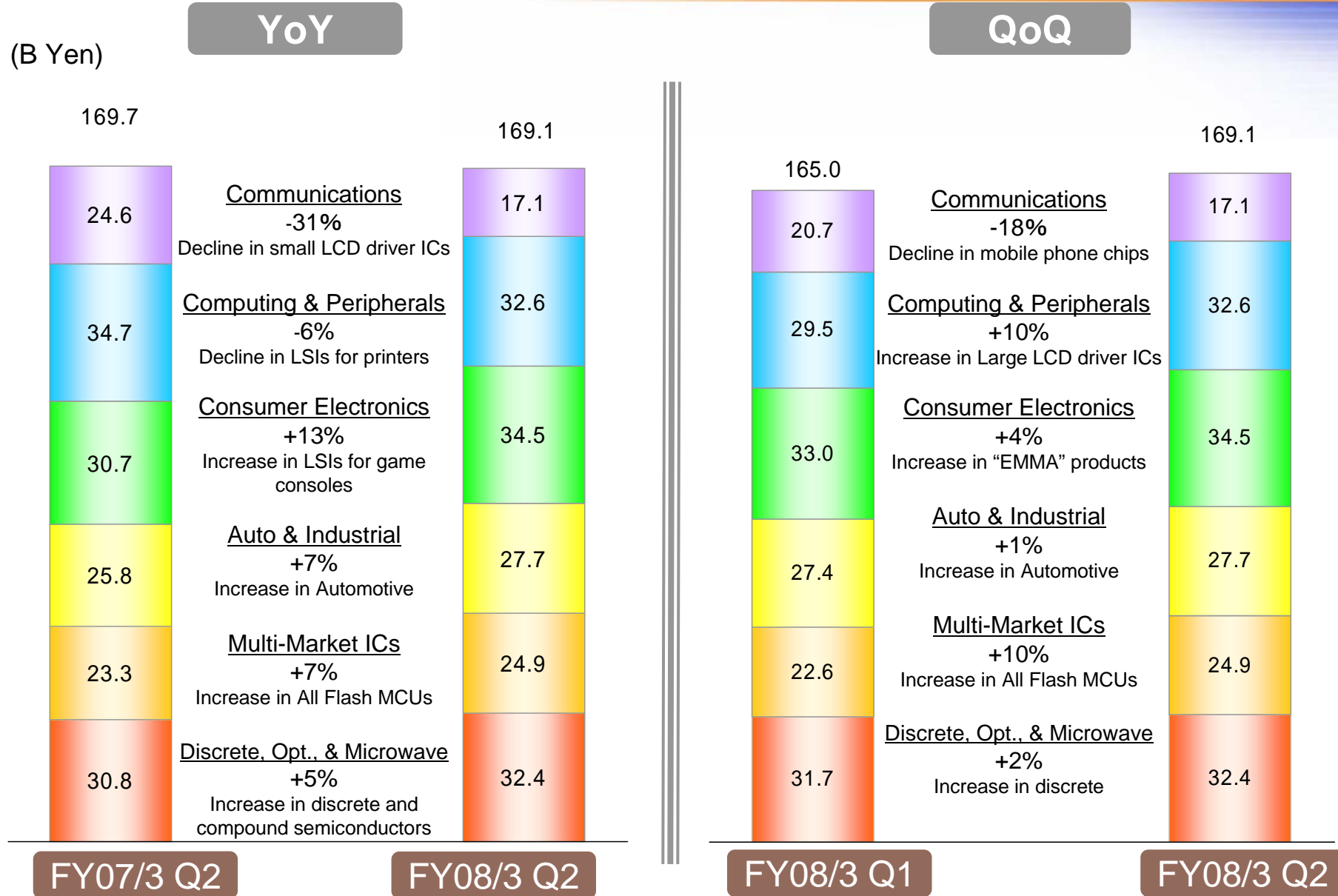
| +/- Factors | |
|------------------------|---|
| SoC | <ul style="list-style-type: none"> +)EMMA™ products for digital AV, LSIs for game consoles, companion chips for mobile phones -) LSIs for printers, digital cameras, and DVD drives |
| MCU | <ul style="list-style-type: none"> +) Growth in automotive and general-purpose MCUs (Increased sales of All Flash™ MCUs) |
| Discrete and IC | <ul style="list-style-type: none"> +) Large LCD driver ICs, discrete and compound semiconductors -) Small LCD driver ICs |

Semiconductor Sales by Platform (QoQ)



| +/- Factors | |
|------------------------|--|
| SoC | <ul style="list-style-type: none"> +) EMMA™ products for digital AV, LSIs for PC-related devices -) Digital baseband LSIs for mobile phones, LSIs for some consumer electronics applications |
| MCU | <ul style="list-style-type: none"> +) Growth in automotive and general-purpose MCUs (Increased sales of All Flash™ MCUs) |
| Discrete and IC | <ul style="list-style-type: none"> +) Discrete devices and large LCD driver ICs -) Small LCD driver ICs under continual adjustments |

Semiconductor Sales by Application



Balance Sheet

| (B Yen) | | Sept. 30, 2006 | Mar. 31, 2007 | Sept. 30, 2007 |
|---------|---|----------------|---------------|----------------|
| | Cash and Cash Equivalents | 222.0 | 185.4 | 191.4 |
| | Accounts Receivable | 116.7 | 99.5 | 100.3 |
| | Inventories | 80.3 | 79.2 | 80.2 |
| | PP&E | 308.6 | 296.2 | 282.5 |
| | Other Assets | 49.4 | 35.6 | 33.6 |
| | Total Assets | 777.0 | 695.9 | 687.9 |
| | Accounts Payable | 169.2 | 132.5 | 130.0 |
| | Debt Payable | 146.0 | 136.0 | 132.9 |
| | Other Liabilities | 159.5 | 157.5 | 158.7 |
| | Liabilities | 474.8 | 426.0 | 421.6 |
| | Minority Shareholders' Equity | 4.2 | 4.8 | 5.3 |
| | Shareholders' Equity | 298.0 | 265.1 | 261.1 |
| | Liabilities and Shareholders' Equity | 777.0 | 695.9 | 687.9 |
| | D/E Ratio (Gross) | 0.49 | 0.51 | 0.51 |
| | Equity Ratio | 38% | 38% | 38% |
| | References | | | |
| | Deferred Tax Assets | 11.8 | 10.7 | 11.2 |
| | Deferred Tax Liabilities | 10.8 | 10.9 | 13.7 |

Cash Flows

| (B Yen) | FY07/3 | FY08/3 | | |
|--------------------------------------|--------|--------|-------|-------|
| | 1H | 1Q | 2Q | 1H |
| Cash Flows from Operating Activities | 34.6 | 1.5 | 27.7 | 29.1 |
| Cash Flows from Investing Activities | -21.1 | -7.3 | -11.5 | -18.8 |
| Free Cash Flows | 13.4 | -5.9 | 16.2 | 10.3 |

I. 1H FY08/3 Financial Results

II. FY08/3 Full-Year Forecasts

III. Measures to Improve Performance

FY08/3 Full-Year Forecasts

The full-year forecasts remain unchanged, due to uncertain market conditions in Q4, however, we are committed to securing operating profits in 2H as well, and aim for further improvements in financial performance

| (B Yen) | FY07/3 | FY08/3 | | | | | |
|--|-----------|--------------------------------------|--------|------------|--------------------------------------|------------------------------|------------|
| | Full-Year | 1H | | | Full-Year | | |
| | Actual | Original Forecasts (as of May 14) | Actual | Difference | Original Forecasts (as of May 14) | Forecasts (as of Nov. 13) | Difference |
| Net Sales | 692.3 | 335.0 | 351.0 | +16.0 | 690.0 | 690.0 | 0 |
| Semiconductor Sales | 659.6 | 325.0 | 334.1 | +9.1 | 670.0 | 670.0 | 0 |
| Operating Income (Loss) | -28.6 | -5.0 | 1.9 | +6.9 | 0 | 0 | 0 |
| Income (Loss) Before Income Taxes | -35.4 | -12.0 | 1.8 | +13.8 | -10.0 | -10.0 | 0 |
| Net Income (Loss) | -41.5 | -15.0 | -3.0 | +12.0 | -15.0 | -15.0 | 0 |

Exchange Rates

| | | | | | | | |
|--------|---------|---------|---------|---------------|---------|------------|--|
| US\$1= | 117 yen | 115 yen | 120 yen | 5 yen weaker | 115 yen | 2H 115 yen | |
| Euro1= | 149 yen | 150 yen | 162 yen | 12 yen weaker | 150 yen | 2H 155 yen | |

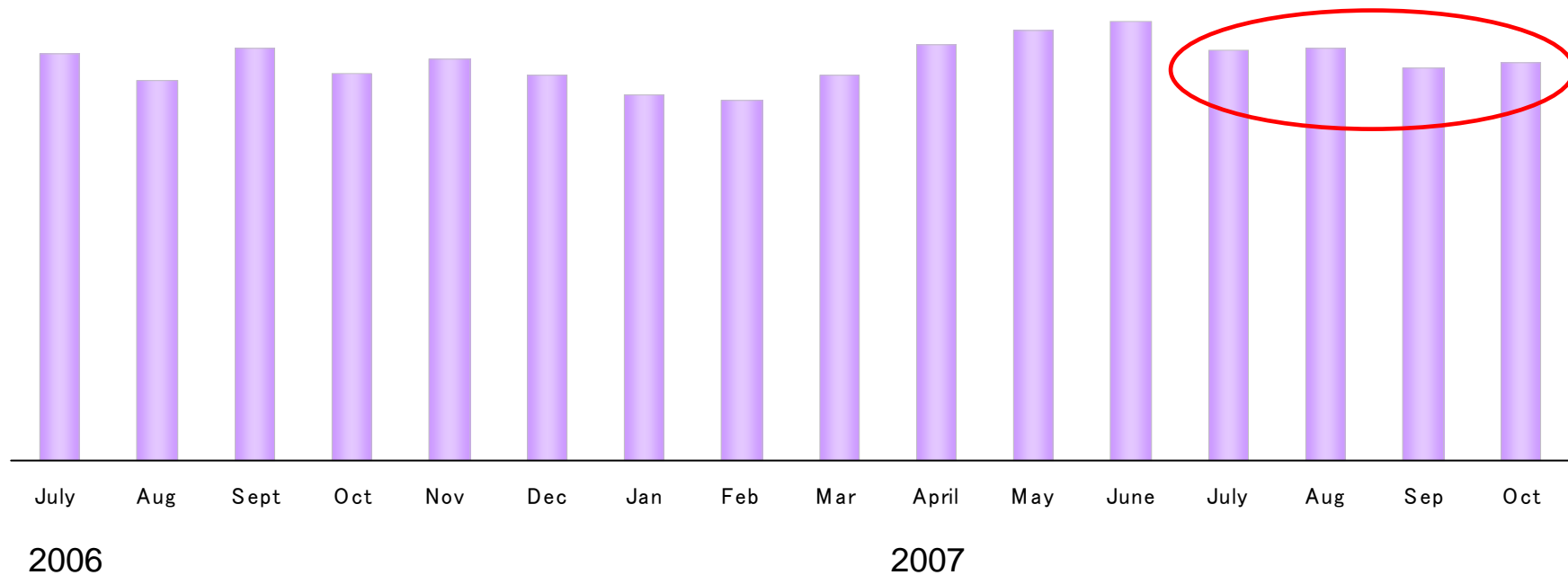
Note 1: Operating Income (Loss) = Net Sales – COGS – R&D – SG&A.

Note 2: Forecasts as of November 13, 2007.

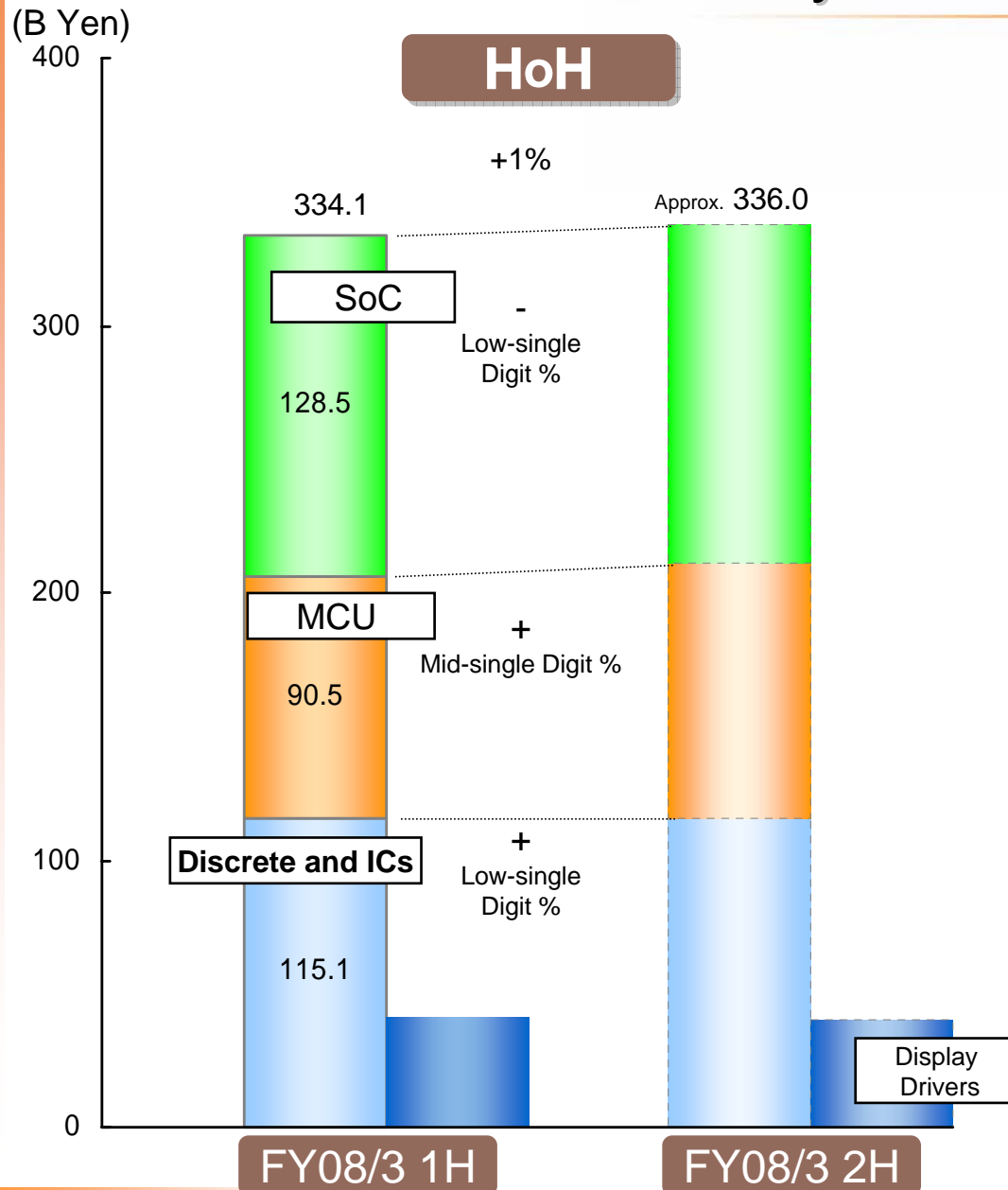
Trends in Amount of Orders

Orders for general-purpose products, such as microcontrollers and discrete devices are healthy, however, adjustments in LCD driver ICs and mobile phone related LSIs due to various factors

Amount of Orders (Monthly)

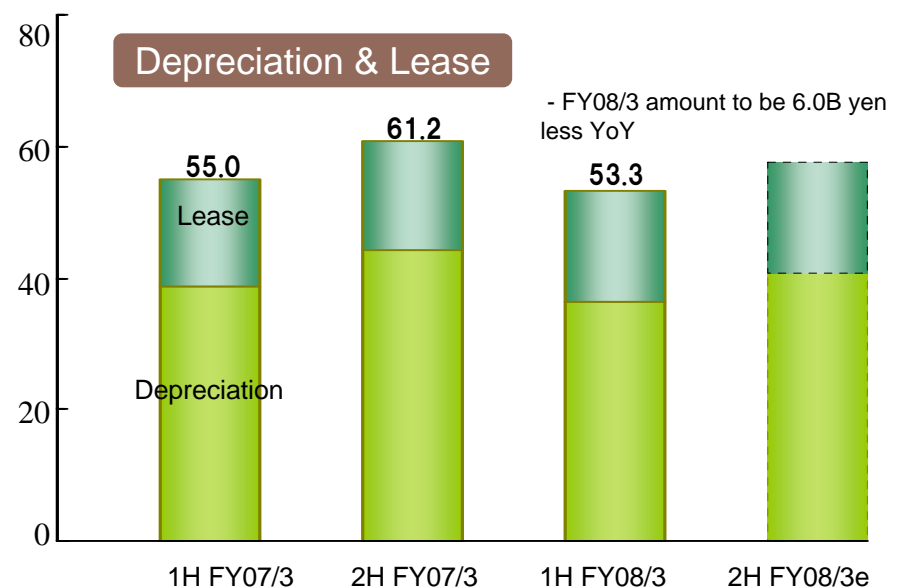
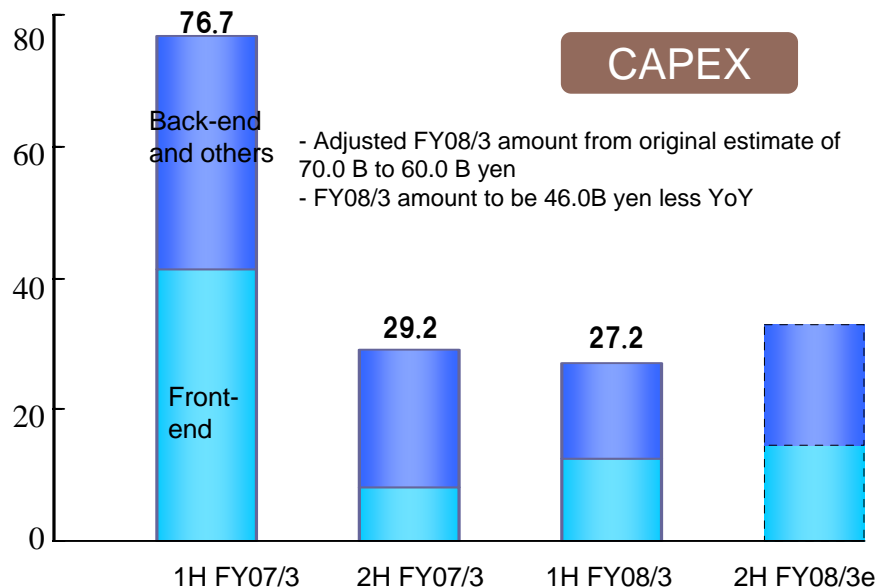
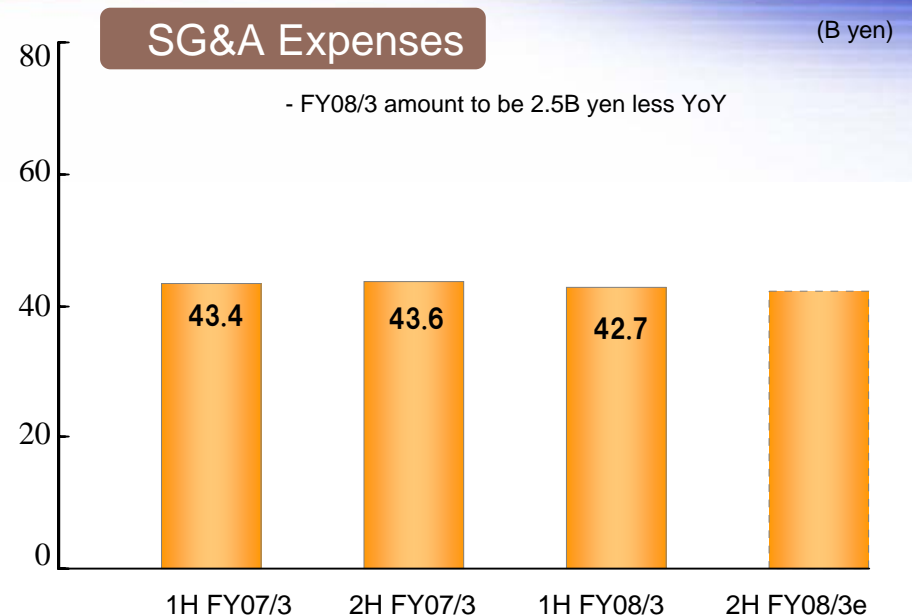
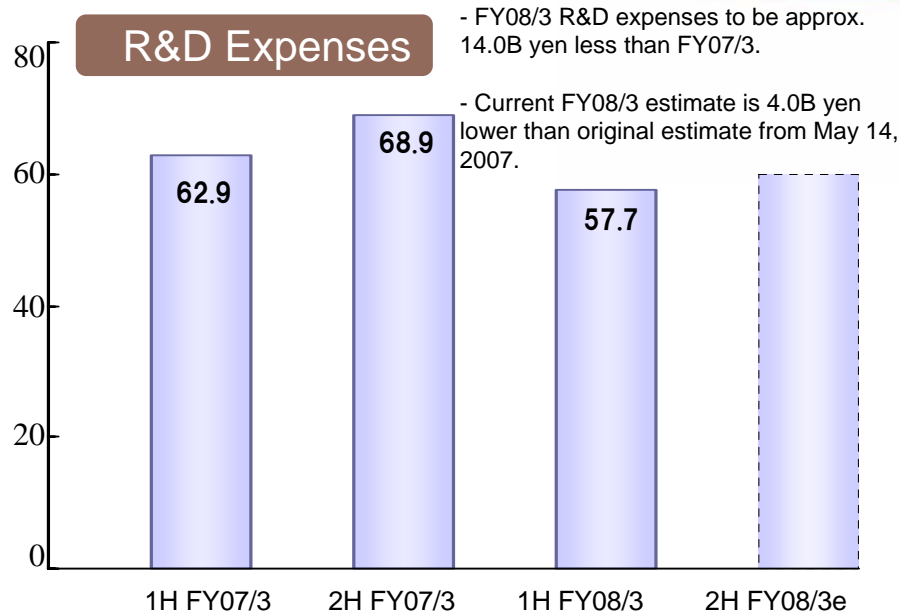


Semiconductor Sales by Platform (HoH Forecast)



| +/- Factors | |
|-------------------------|---|
| SoC | <ul style="list-style-type: none"> +) EMMA™ products for digital AV LSIs for DVD drive -) Digital baseband LSIs for mobile phones, LSIs for digital cameras <p>(Compared to Original Forecasts: approx. -3.0B Main factors: Sluggish sales of LSIs for printers, digital cameras)</p> |
| MCU | <ul style="list-style-type: none"> +) Growth in auto and general-purpose MCUs <p>(Compared to Original Forecasts: approx. +1.0B Main Factors: Strong growth in All Flash™ MCUs)</p> |
| Discrete and ICs | <ul style="list-style-type: none"> +) Recovery and growth in small LCD driver ICs -) Large LCD drivers <p>(Compared to Original Forecasts: approx. -7.0B Main Factors: inventory adjustments for LCD driver ICs)</p> |

FY07/3 & FY08/3 Op. Expenses and CAPEX NEC



Non-Operating Income/Loss

Book Structural Reform Costs mainly in 2H

| (B Yen) | FY07/3 Full-year Actual | FY08/3 | | | | | | | | |
|------------------------------|-------------------------------|---|--------|------------|--|--|--------------|--|--|------------|
| | | 1H | | | 2H | | | Full-Year | | |
| | | Original Forecasts (As of May 14, 2007) | Actual | Difference | Original Forecasts (As of May 14, 2007) | Present Forecasts (As of Nov. 13, 2007) | Difference | Original Forecasts (as of May 14, 2007) | Present Forecasts (As of Nov. 13, 2007) | Difference |
| Non-OP. Income (Loss) | -6.8 | -7.0 | ±0 | +7.0 | -3.0 | Approx. -10.0 | Approx. -7.0 | -10.0 | -10.0 | 0 |
| Income | | Transfer of the photomask business and assets •NEC Fabserve, a wholly-owned subsidiary, transferred its photomask business to Dai Nippon Printing Co., Ltd. in June, 2007 | | | | | | | | |
| Loss | | | | | Closure of Indonesia Plant •Test and Assembly utilizing through-hole packaging •Enter liquidation in Nov. 2007 Costs related to Consolidation of manufacturing lines •Loss from disposal or sale of fixed assets Recording costs related to litigations Other Costs related Structural Reforms | | | | | |

Note 1: Operating Income (Loss) = Net Sales – COGS – R&D – SG&A.

Note 2: Forecasts as of November 13, 2007.

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III. Measures to Improve Performance

Progress of New Management Policies

(Announced on Feb. 22, 2007)

Executing New Management Policies

| Items and Primary Measures | | Status (as of Nov. 13, 2007) |
|----------------------------------|---|---|
| Reallocate development resources | Reduce technology outsourcing costs roughly equivalent to 600 people | Completed |
| | Shift development equivalent to approx. 400 employees | Halfway Complete <small>(Expect to complete all 400 by the end of the fiscal year)</small> |
| Manufacturing | Reorganization and consolidation | Negotiating with Customers |
| Front-end | <ul style="list-style-type: none"> •Expand capacity at 8-inch lines in Kyushu and Kansai •Consolidate and shift to larger wafer production lines 8-inch line in Yamagata, 6-inch lines in Kansai and Kyushu | Shifting equipment and production underway |
| Back-end | Shifting production of some general-purpose products overseas | |
| Corporate Reorganization | Established 3 business units (SoC, Microcomputer, and Discrete and IC), and enhance profit management by business units | Reorganization complete; new business units operational |
| Reduce Fixed Costs for FY08/3 | Reduce technology outsourcing, fixed production costs by limiting CAPEX etc, and other fixed costs including personnel costs | Underway <small>Aim to reduce by 20B yen from FY07/3</small> |

Advanced Process Technology Dev't and Mfg.

Accelerate development of fundamental process technology
and focus on differentiated process technology

■ 40nm Process Technology (NEC Electronics' next generation after 55nm)

- Plan to begin mass production at NEC Yamagata from the end of FY09/3

■ 32nm Process Technology

- Development: Decide and announce strategy by the end of CY2007 (collaboration with strategic partners).
- Manufacturing: In discussion

Mobile Handset System LSIs

Focus on selling “M2” dual-mode communications platform

- R&D is complete. Development costs are being reduced significantly.
- M2 shipping in autumn, contributing to sales and profits.
- Target new design-ins inside and outside of Japan.

Display Driver Business

Enhance competitiveness of this core business, which has a large share in the growing display driver market.

- In negotiations to establish strategic alliances.
 - Maintain technological advantages
 - In discussions to establish alliances with partners with production capabilities and strengthen NEC Electronics' market position



Help improve cost competitiveness by reducing wafer procurement costs

Entering Market for Car Navigation Applications

- Achieved world-leading performance of 1920MIPS utilizing ARM11 quad core parallel processing technology
- Sales target: 10B yen in 2010, 30B yen in 2015
- Mass Production: Begins in 2H FY09/3

Reinforcing Power MOSFET Business

- Establishing 8-inch dedicated line at NEC Kansai
- Mass production: Begins in 2H FY09/3
- Production Capacity: Max. approx. 10K wafers/month
- Estimated CAPEX: approx. 10B yen

Notice Concerning the NEC Electronics' Shares Lifted from Grace Period for Delisting

As announced by the Tokyo Stock Exchange (TSE) on July 10, 2007, the ratio of the number of the company' shares held by the "special few" as of March 31, 2007, exceeded the TSE's previous listing criteria, and the company's shares were placed in a grace period for the purpose of delisting from April 1, 2007 to March 31, 2008.

According to the TSE, on November 1, 2007, NEC Electronics' shares were lifted from the grace period, no longer meeting the TSE's new criteria for delisting.

Conclusions

- 1H financial results exceeded the original forecasts announced on May 14, 2007, and operating profits recovered
- We are committed to **securing operating profits in 2H**, and strive to improve financial performance further; however, **the full-year forecasts remain unchanged** due to uncertainties in Q4 market conditions.
- Improve development efficiency and establish strategic alliances with partners to sustain growth in FY09/3 and beyond

NEC

NEC Electronics Corporation

Cautionary Statements

The statements in this presentation with respect to the plans, strategies and forecasts of NEC Electronics and its consolidated subsidiaries (collectively “we”) are forward-looking statements involving risks and uncertainties. We caution you in advance that actual results could differ materially from such forward-looking statements due to several factors. The important factors that could cause actual results to differ materially from such statements include, but are not limited to: general economic conditions in our markets, which are primarily Japan, North America, Asia and Europe; demand for, and competitive pricing pressure on, our products and services in the marketplace; our ability to continue to win acceptance of its products and services in these highly competitive markets; and movements in currency exchange rates, particularly the rate between the yen and the U.S. dollar. Among other factors, a worsening of the world economy; a worsening of financial conditions in the world markets, and a deterioration in the domestic and overseas stock markets, would cause actual results to differ from the projected results forecast.